



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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# Memorandum

**DATE:** February 23, 2021

**TO:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**FROM:** Alfred Contente,  
Utility Analyst

**SUBJECT:** Docket No. 4978 – National Grid – Last Resort Service Rates

On January 20, 2021, The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") filed with the Public Utilities Commission ("Commission") proposed Last Resort Service ("LRS") rates for the Residential, Commercial and Industrial customers effective April 1, 2021. The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted these confidential materials to the Division of Public Utilities and Carriers ("Division") for its review and analysis. As with prior rate filings, the Division has reviewed the Company's filings and has prepared this memo for the Commission's consideration.<sup>1</sup>

Included in the Company's filings were:

- The calculation of the retail LRS rates for the Residential, Commercial and Industrial Groups;
- The Summary of Rates tariff for LRS for all three groups;
- Typical bill analysis;

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<sup>1</sup> Note that the rates for the adjustment factor/changes mentioned in this memo are the rates currently in effect. That said, new factors are likely to become effective on April 1, 2021 as a result of the Last Resort Adjustment Factor and the Administrative Cost Factor proposed in the Company's pending Retail Rate Filing (Docket 5127) and an update to the Renewable Energy Charge anticipated on February 26, 2021. As such, the Last Resort Rates on customer's bills may be somewhat different than the rates mentioned in this memo.

- A copy of the Request for Proposals ("RFPs") issued by the Company on December 11, 2020 to solicit LRS supply for 15% of supply for the Residential Group for the period April 2021 through March 2023, for 15% of supply for the Commercial Group for the period April 2021 through March 2023, and for 100% of supply for the Industrial Group for the period April 2021 through June 2021;
- A redacted summary of the procurement process identifying the key actions taken by the Company to procure LRS for its customers; and
- Redacted versions of the executed confidential Transaction Confirmations.

Unredacted versions of the Procurement Summary and Transaction Confirmation have been supplied under separate cover.

## **Last Resort Service Proposed Rates**

### Residential Group Rates

The LRS rate proposed for the Residential Customer Group for the April 2021 through September 2021 period, including the current per-kWh Last Resort Adjustment Factor of \$(0.00294), the Administrative Cost Factor of \$0.00230, and the Renewable Energy Charge of \$0.00866 is:

- April - Sept 2021: \$0.08039/kWh

The proposed rate represents a 29% decrease, when compared to the current rate of \$0.10370 for the October 2020 through March 2021 time period. In comparison, the proposed six-month rate is 3% lower than the same six-month period from last year (April – September 2020), which was a rate of \$0.08299.

## **Bill Impact**

National Grid has included a detailed typical bill analysis for all classes as part of their LRS rate filing (Attachment 2). A brief summary of the A-16 residential rate class is shown in Table 1 below:

**Table I - Residential A-16 Rate Class**

Monthly kWh	Current Bill	Proposed Bill	Total Decrease	% Decrease
300	\$75.89	\$68.60	\$7.29	9.6%
500	\$120.25	\$108.11	\$12.14	10.1%
1200	\$275.52	\$246.39	\$29.13	10.6%

### Commercial Group Rates

The LRS rates proposed for the Commercial Customer Group for the April 2021 through

September 2021 period, including the current per kWh Last Resort Service Adjustment Factor of \$0.00094, the Administrative Cost Factor of \$0.00224, and the Renewable Energy Charge of \$0.00866 are:

<b>Variable Rate Option</b>		<b>Fixed Rate Option</b>
• April 2021:	\$0.07834/kWh	\$0.06851/kWh
• May 2021:	\$0.07184/kWh	
• June 2021:	\$0.06466/kWh	
• July 2021:	\$0.06722/kWh	
• August 2021:	\$0.06586/kWh	
• September 2021:	\$0.06470/kWh	

The proposed fixed rates of \$0.06851 represents a 36% decrease when compared with the current rate of \$0.09334. In comparison, the proposed six-month rate is 13% lower than the same six-month period from the same period last year (April 2020 – September 2020), which was a rate of \$0.07764.

### Industrial Group Rates

The LRS rates proposed for the Industrial Customer Group for the April 2021 through June 2021 period, including the current per-kWh Standard Offer Adjustment Factor of \$0.00381, the Administrative Cost Factor of \$0.00186, and the Renewable Energy Charge of \$0.00866 are:

- April 2021: \$0.07880/kWh
- May 2021: \$0.07219/kWh
- June 2021: \$0.06309/kWh

The three-month average of the proposed rates is \$0.07136, which results in a 37% decrease, when compared with the January 2021 through March 2021 average Industrial Last Resort Service rate of \$0.09773. In comparison, the proposed three-month averaged proposed rates are 15% lower than the same three-month period from last year (April 2020 – June 2020), which was a rate of \$0.08234.

### **Division Conformation of Compliance**

After review, the Division finds that the proposed Last Resort Service rates contained in the filing for the Residential, Commercial and Industrial customers are correctly calculated and comply with Commission approved Standard Offer Procurement Plan as approved in Docket 4978 at the July 23, 2020 open meeting. The Division is also of the opinion that the power supply procurements undertaken by National Grid in the Docket reporting period comply with the plan approved by the Commission.